

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
:
In re : **Chapter 11 Case No.**
:
LEHMAN BROTHERS HOLDINGS INC., et al., : **08-13555 (JMP)**
:
Debtors. : **(Jointly Administered)**
:
:
-----X

**ORDER TO SHOW CAUSE AND NOTICE FIXING HEARING
DATE TO CONSIDER LBHI'S MOTION, PURSUANT TO SECTIONS
105(a) AND 363 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULES 9019
AND 6006, FOR AUTHORIZATION TO INCREASE THE CAPITAL LEVEL OF
LEHMAN BROTHERS BANK, FSB THROUGH (I) THE SETTLEMENT OF PENDING
DISPUTES AND (II) A DIRECT CAPITAL CONTRIBUTION OF UP TO \$15 MILLION**

Upon the motion, dated February 11, 2009 (Docket no. [2800], the "Motion"), of Lehman Brothers Holdings Inc. ("LBHI") and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors in possession (together, the "Debtors" and, collectively with their non-Debtor affiliates, "Lehman"), pursuant to sections 105(a) and 363 of title 11 of the United States Code (the "Bankruptcy Code") and Rules 9019 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for authorization to increase the capital level of Lehman Brothers Bank, FSB (the "Bank") through (i) entry into a settlement agreement with the Bank and the Bank's wholly owned subsidiary, Aurora Loan Services, LLC ("Aurora"), pursuant to which LBHI will convey to and confirm Aurora's ownership of certain rights and funds, and (ii) a cash capital contribution to the Bank of up to \$15 million, all as more fully described in the Motion; and upon the Declaration of Alfredo R. Pérez Pursuant to Local Bankruptcy Rule 9077-1(a) (the "Declaration") attesting to the necessity for relief by Order to Show Cause; and it appearing that no notice of this Order to Show Cause need be given, except as provided herein; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED that a hearing (the "Hearing") to consider the Motion shall be held before the Honorable James M. Peck, United States Bankruptcy Judge, in Courtroom 601, United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004 on **February 17, 2009 at 10:00 a.m. (Prevailing Eastern Time)**, or as soon thereafter as counsel may be heard; and it is further

ORDERED that notice of the Hearing shall be given by sending a copy of this Order to Show Cause, the Motion, and the proposed order on the Motion, via e-mail, fax, or overnight mail, on or before **February 11, 2009, at 5:00 p.m.**, on (i) the Office of the United States Trustee for the Southern District of New York (the "U.S. Trustee"); (ii) the attorneys for the official committee of unsecured creditors appointed in these cases (the "Creditors' Committee"); (iii) the Securities and Exchange Commission; (iv) the Internal Revenue Service; (v) the United States Attorney for the Southern District of New York; and (vi) all parties who have requested notice in these chapter 11 cases, and it appearing that no other or further notice need be provided; and it is further

ORDERED that objections and responses, if any, to the Motion must be in writing, shall conform to the Bankruptcy Rules and the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the "Local Rules"), and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-242 (General Order M-242 and the User's Manual for the Electronic Case Filing System can be found at <http://www.nysb.uscourts.gov>, the official website for the Bankruptcy Court), by registered users of the Bankruptcy Court's case filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect or any other Windows-based word processing format, and shall be served in accordance with General Order M-242, upon (i)

the Chambers of the Honorable James M. Peck, One Bowling Green, New York, New York 10004, Courtroom 601; (ii) Weil Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Harvey R. Miller, Esq., Alfredo R. Perez, Esq., Lori R. Fife, Esq., and Shai Y. Waisman, Esq.), attorneys for the Debtors; (iii) the U.S. Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Andy Velez-Rivera, Esq., Paul Schwartzberg, Esq., Brian Masumoto, Esq., Linda Riffkin Esq., and Tracy Hope Davis, Esq.); (iv) Milbank, Tweed, Hadley & McCloy LLP, 1 Chase Manhattan Plaza, New York, New York 10005, (Attn: Dennis F. Dunne, Esq., Dennis O'Donnell, Esq., and Evan Fleck, Esq.), attorneys for the Creditors' Committee; and (v) any person or entity entitled to receive notice of the Motion in these cases, so as to be so filed and received no later than **February 13, 2009 at 5:00 p.m. (Prevailing Eastern Time)**; and it is further

ORDERED that pursuant to Local Rule 9014-2(a), the Hearing may be an evidentiary hearing.

Dated: February 11, 2009
New York, New York

/s/ James M. Peck

UNITED STATES BANKRUPTCY JUDGE